

District 25 News

MAKIKI, TANTALUS, MCCULLY, PAPAOLEA

MARCH 2010



Dear Friends & Neighbors,

The legislative session is about to get more difficult as both the House and Senate continue to revise and refine bills that seek to address the State's record deficit. Differences over how to balance the budget will become more apparent with clear choices to be made about which services to preserve, how to better structure government, and how additional revenues will be raised.

To weigh in on these choices, I urge you to send in the survey that was sent to you at the beginning of the session in January 2010. If you need an additional survey, please contact my office at 586-9425 or at repbelatti@capitol.hawaii.gov and a survey can be mailed or emailed to you.

With aloha,

Della Au Belatti
State Representative, District 25

Above photo—ONE KALAKAUA SENIOR LIVING (February 15, 2010)—L-R—One Kalakaua Resident Relations Manager Rena Miranda, Mitsue Frances Nohara, Census Recruiting Assistant Ron Lockwood, and Representative Della Au Belatti smile for the camera after an informative Coffee Talk with residents of One Kalakaua and Kulana Hale.

The Shortlist

MONDAY, MARCH 22 & 29 @ 6 pm
THURS, MARCH 25 & APRIL 1 @ 10 am
2010 US Census Testing Sessions
Makiki District Park, Arts & Crafts Bldg
The local US Census office is conducting employment testing sessions in the neighborhood. Call 535-0920 to schedule your attendance at a testing session.

THURSDAY, MARCH 25
Makiki Town Meeting
Stevenson Middle School, Cafeteria
@ 6:00 - 7:30 pm

Senator Fukunaga and Representative Belatti host a second Town Meeting concerning traffic and congestion issues in Makiki. Special guest, Director Brennon Morioka of the State Department of Transportation, will join the legislators to speak about the Lunalilo On-ramp feasibility study and recommendations for Piikoi and Pensacola Streets.

MONDAY, MARCH 29
Makiki Dog Park Meeting
Makiki District Park, AG Rec Room
@ 5:30 - 7:30 pm

Advocates for a Makiki Dog Park are meeting to discuss and organize efforts for a dog park at Makiki District Park. All dog lovers and volunteers are welcome and invited to attend.

SATURDAY, APRIL 3
Easter Egg Hunt & Food Drive
Makiki District Park
@ 3:30 - 5:30 pm

Activities include storytelling, Easter egg hunts (for keiki up to 10 years old), and a community food drive to benefit the Parish of St. Clement's food pantry.

If you have questions about the listed district events, please contact Representative Belatti at 586-9425 or at repbelatti@capitol.hawaii.gov.

Mid-legislative Session 2010 Update



Summaries of a few important bills and resolutions moving through the 2010 Legislature

On March 4, 2010, the Legislature passed a critical “First Crossover” deadline where bills in the originating legislative chamber were required to cross over to the other chamber for further consideration and refinement. The following bills and resolutions are just a few of the important measures now continuing to move through the 2010 legislative process.



State Budget and Taxation

Transient Accommodation Tax (HB2598 HD1): The State currently collects this hotel room tax and distributes amounts to the four counties. Although the bill initially proposed to take these funds from the counties, HD1 continues to provide the counties their share from 2009 and caps the current level (approximately \$94.3 million) to the counties for five years. Any amount collected above the cap will go to the State’s general fund.

Conveyance Tax (HB2885): This bill temporarily suspends the distribution of a portion of the conveyance tax to the Land Conservation Fund and Rental Housing Trust Fund and reduces the distribution to the Natural Area Reserve Fund from 25% to 10%.

Suspensions of Exemptions from the General Excise Tax (HB2877 HD1): This bill temporarily suspends GET exemptions and imposes a 1% GET on various businesses, organizations, and services.

Hurricane Fund Loan (HB2875 HD1): This bill authorizes the loan of moneys from Hurricane Reserve Trust Fund to the general fund and requires that the loan be repaid to the Trust Fund by June 30, 2015.

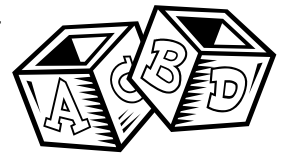


Replenishing the Emergency and Budget Reserve Fund (SB2807 SD2): This bill proposes a State Constitutional amendment that authorizes the Legislature to determine whether excess funds should be used as refunds or credits to taxpayers or used to replenish the Rainy Day Fund. This allows the State to save revenue for use during times of emergency, economic downturn, or unforeseen reduction in revenues.



Education

Appointed School Board (HB2376 HD3; HB2377 HD3): HB2376 HD3 proposes a State Constitutional amendment to provide for an appointed, instead of an elected, Board of Education (BOE). HB2377 HD3 establishes the BOE appointment process where the Governor appoints members from lists of qualified candidates identified by the BOE Selection Advisory Council, and the Board members are confirmed upon advice and consent of the Senate.



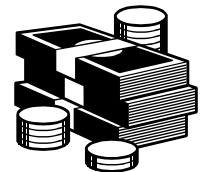
Minimum Number of Instructional Hours (HB2486 HD2): This bill establishes a minimum number of instructional hours per school year beginning with the 2011-2012 school year. Students in kindergarten through grade eight would be required to have no less than 1,080 instructional hours; students in grade nine through twelve would be required to have no less than 1,260 instructional hours during the school year.

Audit of the Department of Education (HCR56): This resolution requests the Auditor to conduct a financial and management audit of the Department of Education with a report of the Auditor’s findings and recommendations submitted to the Legislature no later than 20 days prior to the convening of the 2011 legislative session.



Good Government

Campaign Financing (HB2003 HD3): This recodification bill updates, organizes, and clarifies current campaign finance laws based upon recommendations of the Campaign Spending Commission’s Blue Ribbon Panel. Current law, found in several parts of the Hawaii Revised Statutes, is considered cumbersome. This bill regroups related provisions and divides long sections into shorter sections with clear titles for quick reference.



Voting Machines for 2010 Elections (HB1901 HD2):

This bill ensures timely acquisition of voting equipment for the 2010 elections by establishing an alternative procurement process for the purchase of voting system equipment. This process includes the convening of a selection committee by the Chief Election Officer to evaluate offers from voting machine contractors.

Earlier Primary Elections (HB2397 HD1): This bill moves the date of the primary election to the second Saturday of August instead of the second to the last Saturday of September. This bill also requires nomination papers to be filed not later than 4:30 pm on the first Tuesday in June. These changes bring state law into compliance with the National Defense Authorization Act that requires states to mail absentee ballots to uniformed and overseas voters no later than 45 days prior to federal elections.

Environment

Solar & Wind Power for Common Elements on Condominiums (HB2197 HD1): To further reduce Hawaii's dependence on fossil fuels, this bill gives condominium boards of directors the authority to install or allow the installation of solar or wind energy devices on the common elements of condominiums. This same authority was granted previously to single family residential dwelling and townhouse condominium owners.



Renewable Portfolio Standards (HB2238): This bill encourages utility companies to facilitate the integration of customer-sited renewable systems into the utility grid. These systems will help achieve their statutorily mandated Renewable Portfolio Standards (RPS) goals. RPS goals require electricity providers to obtain a minimum of 70% of their power from renewable energy resources by 2030.

Plastic Bags (HB2125 HD2; SB2559 SD2): HB2125 HD2 requires businesses to collect an offset fee for each plastic or paper disposable checkout bag, newspaper bag, or dry cleaning bag distributed to customers. SB2559 SD2 requires businesses to distribute only reusable or biodegradable checkout bags.



Urban Concerns

County Rule for Fireworks & Fireworks Task Force (SB1059 HD3): This bill allows counties to enact ordinances or adopt rules regulating fireworks that are more restrictive than present State law. This bill also establishes an illegal fireworks task force to stop the importation of illegal fireworks and explosives and requires the task force to report a preliminary plan to the legislature no later than January 10, 2011.



Fireworks & Nuisance Abatement Prosecution (HB1987 HD2): This bill establishes a cause of action to abate the illegal purchasing, selling, possession, setting off, igniting or discharging of fireworks by allowing prosecution of these offenses under the nuisance abatement laws. This bill would allow courts to order the closure of any place used in violation of the fireworks law and the forfeiture of property used in violation of the law.

Human Trafficking (SB2045 SD1): This bill establishes class A, B, and C felony sexual human trafficking offenses and class A, B, and C felony labor trafficking offenses.

Graffiti (HB2129 HD1): This bill requires a person convicted of criminal property damage involving graffiti to remove the graffiti within 30 days of sentencing, to perform community service for 2 years removing graffiti from within 100 yards of the site of the offense, and to reimburse property owners for two years for costs incurred in removing graffiti within 100 yards of the site of the offense.

Leaf blowers (SB466 HD1): This bill prohibits the use of leaf blowers on or near residential zones, except within allowed time periods. Leaf blowers could be operated 8:00 a.m. through 8:00 p.m. on any day except Sunday, and between the hours of 9:00 a.m. and 6:00 p.m. on Sunday or a federal holiday. This bill also prohibits leaf blowing operations from blowing debris onto adjacent property without permission.



For more information about these or other measures, visit the Hawaii State Legislature website at www.capitol.hawaii.gov and click on "Bill Status & Docs." If you don't know the bill number you can find it using a "text search."

UNEMPLOYMENT INSURANCE: RECALIBRATING THE SYSTEM

Act 2 (HB2169 HD2), recently passed by the State Legislature and signed into law by Governor Linda Lingle, lowers Hawaii's unemployment insurance taxes that were scheduled to increase dramatically due to the struggling economy and high state unemployment.

(1) What is Unemployment Insurance?

Unemployment insurance (UI) has its roots in the New Deal, a set of federal laws enacted by President Franklin D. Roosevelt in response to the Great Depression. Each state administers its own UI program. In Hawaii, the program is run by the State Department of Labor and Industrial Relations (DLIR). According to the DLIR, "the purpose of this program is to provide temporary financial assistance to workers who are unemployed through no fault of their own and who meet the requirements of the Hawaii Employment Security Law. Unemployment insurance benefits are paid as a matter of legal entitlement and past employment, and not on the basis of need."

(2) How is Unemployment Insurance funded?

The State manages the UI program through a complicated trust fund system. In Hawaii, employers pay all the costs of unemployment insurance through a payroll tax or reimbursable basis. Employees do not pay any part of

their wages to finance the program. The amount an employer pays per employee is based primarily on the balance in the state fund, how much a particular employee earns, and that particular employer's Experience Rating. By law, an employer does not have to pay over the state's Wage Base.

As unemployment insurance is a significant safety net feature built into the modern American economy, the Federal government loans funds to state UI programs if they go bankrupt. As a condition of this loan, the federal government ordinarily requires an interest rate of about 5.4% on the loan given to the states. In 2009, however, the American Recovery and Reinvestment Act (ARRA), passed into law with a special exemption to states in 2010: an interest free loan for a year. By November 2009, 25 state UI programs declared bankruptcy and required significant loans from through ARRA.

(3) Who benefits from the Unemployment Insurance Trust Fund?

In our state, the DLIR manages the UI program and determines who is eligible for benefits. According to the DLIR: "You must first establish a valid unemployment claim by meeting the following two monetary qualifications:

- (i) You must have been paid wages in two or more calendar quarters of your base period; and
- (ii) You must have been paid wages totaling 26 times your weekly benefit amount in your base period.

The standard base period is the first 4 of the last 5 completed calendar quarters immediately preceding the effective date of your claim. The effective date of your claim is the Sunday of the week in which you first apply. If you do not qualify using the standard base period, an alternate based period can be used. The alternate base period is the last 4 completed calendar quarters."

(4) What's the problem requiring legislative action?

In 2007, Hawaii's UI trust fund retained approximately \$500 million, and legislators felt businesses were being taxed unnecessarily. Act 110 was passed to provide temporary tax relief to businesses.

Act 110, in part, significantly lowered the wage base for all employers. It also lowered the Adequate Reserve Ratio, which determines how long the trust fund could pay out at current rates. Provisions such as these lowered the taxes for all employers and

helped employers with low Experience Ratings the most.

Act 110's tax relief was set for three years (2008-2010), with a safety provision that would jump the wage base back to pre-Act 110 levels if the trust fund balance dropped below the adequate reserve ratio.

This dangerous situation occurred at the end of November 2009 as Hawaii's unemployment numbers soared. As in other states, Hawaii's UI trust fund has been nearly emptied by the increase in unemployment claims coupled with employers paying less into the fund due to Act 110's tax relief and declining workforce numbers.

The increase in UI claims coupled with the automatic resetting of UI taxes created a significant problem going into the 2010 legislative session. Employers potentially faced a UI tax increase from \$90 per employee per year (Act 110 rate) to a staggering \$1,070 per employee per year.

(5) What has been done about staggering tax hikes and the need to replenish Hawaii's UI Trust Fund?

Realizing the significance of the problem in 2009, the State Legislature, working with DLIR and advocates such as the Chamber of Commerce of Hawaii, began to work on solutions before local businesses were stuck with the bill. House Bill 2169, the result of this collaboration, passed both Houses of the Legislature by early March and was signed into law as Act 2 by the Governor on March 11, 2010.

Act 2 eases the pain of getting the UI trust fund back to full solvency by setting the wage base for paying taxes at 90% of the average annual wage (equal to \$34,900) and enacting a recalculation of the adequate reserve fund beginning in 2012.

Act 2 also lowers the statutory jump in premiums paid into the trust fund by local businesses through a graduated system of payments. On average, an employer will now pay, per employee, \$630 instead of \$1070 in the first year, and \$970 instead of \$1520 in the second year.

Although not ideal, Hawaii's situation is better than about half the states in the country, which have already borrowed billions from the federal government to enable their UI programs to pay out benefits. By working together, government and business can rebuild our local economy and strengthen the social safety net during these challenging times.

***Employers:** Do you have questions regarding your UI taxes? Contact the Business Action Center, operated by the Department of Business, Economic Development and Tourism at*

*1130 North Nimitz Highway
Second Level, Suite A-220
Honolulu, HI 96817
Phone: (808) 586-2545
Fax: (808) 586-2544*

***Employees:** Unemployed through no fault of your own? Contact the Honolulu Claims Office at:*

*830 Punchbowl St. Rm 110
Honolulu, HI 96813
Phone: (808) 586-8970
Fax: (808) 586-8980
<http://hawaii.gov/labor/ui>*

UNEMPLOYMENT TERMS DEFINED

Unemployment Insurance Trust Fund: The state fund that supports the Unemployment Insurance Program. Its balance statutorily defines how much employers are taxed.

Wage Base: A "cap" on how much an employer is taxed per employee, the moneys going into the Unemployment Insurance Trust Fund. This is set by State law.

Adequate Reserve Ratio: Determines the length of time the trust fund can pay applicants at current rates of unemployment. Set by state statute, with federal guidelines.

Act 110, Session Laws of Hawaii, 2007: This Act lowered the wage base for employers, and lowered the adequate reserve ratio for the trust fund. This law has a "sunset date" in 2011, meaning that the wage base and adequate reserve ratio will return to pre-Act 110 levels.

Experience Rating: The rating given by the state to employers based on the number and frequency of layoffs in an employer's history. A high experience rating equates to lower taxes for the employer.

HEADING FOR BROKE

As Hawaii's unemployment rate has increased, more workers have drawn unemployment compensation, sending the state's fund toward the red:

Year	Fund Balance
2008	\$430 million
2009	\$125 million
2010	-\$14.9 million
2011	-\$61.4 million

Source: Hawaii Department of Labor and Industrial Relations

What's your TSUNAMI Preparedness?

When the sirens blared on Saturday morning, February 27, 2010, those of us in Makiki and throughout the State were thrust into a Tsunami Warning. Although we do not live in an evacuation zone, here is some information you will find useful.

Tsunamis are generated by tectonic displacement, like volcanism, landslides, or earthquakes. These occurrences cause a sudden displacement of the water. Resulting high energy waves can travel thousands of miles at a speed of 300 mph. The 8.8 earthquake in Chile had the power of 5,000 nuclear bombs! Tsunamis often go unnoticed by ships at sea but in shallow water, they rise in amplitude. The resultant waves can be devastating to coastal areas.

How will I know that a tsunami is expected?

- An Earthquake Affecting Oahu: A local earthquake is a natural tsunami warning. If outdoors, remain in open areas away from tall trees, poles, or buildings. If indoors, remain indoors and take cover. When the shaking stops, immediately leave all evacuation zones. There may be no time for an official warning.
- If a significant earthquake occurs in the vicinity of the Hawaiian Islands or elsewhere in the Pacific, the Tsunami Warning Center will analyze its characteristics. They may issue a TSUNAMI WARNING over radio and sound the Civil Defense sirens. Leave all evacuation zones immediately.
- Prior to first wave arrival, roadblocks will be established by the Honolulu Police Department and Civil Defense to restrict traffic into tsunami evacuation zones to emergency vehicles. Those still in the evacuation zones will be directed to move immediately to safe locations.
- Be sure to check with schools and day care centers located within evacuation zones to make sure they have a plan to keep your child safe.

What must I know if I am stuck in an evacuation zone?

- If you are in a steel and/or concrete building move to the third floor or above and remain there until the "All Clear" is announced.
- Curtail all non-essential travel.
- NEVER GO TO THE BEACH TO WATCH FOR A TSUNAMI.

What areas of Oahu are vulnerable to a tsunami?

- Generally, all coastal areas of Oahu are vulnerable. For specific areas, refer to flood maps for the zones that must be evacuated. You should determine now whether you live, work, or go to school in an evacuation zone and develop individual or family emergency plans accordingly.